



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

WATER

IN THE MATTER OF PINELANDS WASTE-)	ORDER ADOPTING INITIAL
WATER COMPANY FOR APPROVAL OF)	DECISION/SETTLEMENT
AN INCREASE IN ITS RATES FOR	
WASTEWATER SERVICE, A CHANGE IN)	
DEPRECIATION RATES, AND OTHER)	BPU DOCKET NO. WR05080680
TARIFF CHANGES)	OAL DOCKET NO. PUCRS0849-2005N

(SERVICE LIST ATTACHED)

BY THE BOARD:

On August 10, 2005, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.11 and 14:1-5.12, Pinelands Wastewater Company (Pinelands or Company), a public utility of the State of New Jersey filed a petition with the Board of Public Utilities (Board) seeking approval for an increase in rates for wastewater service, a change in depreciation rates and other tariff modifications. Notwithstanding the language in the Petition, the Company's proposal included only increases in rates and no changes in its depreciation rates or other tariff modifications.

Pinelands is a wholly owned subsidiary of Middlesex Water Company. Pinelands services approximately 2,400 customers in the Township of Southampton, Burlington County, New Jersey, including contract services for part of the Township itself. The Company's rate request would have resulted in an increase in total Company revenues of \$54,810 or 6.14% above current revenues of \$892,295 for the test year ending December 31, 2005. After settlement discussions an increase of \$9,100, representing a 0.98% increase over total revised Company revenues of \$926,403 was agreed to by the Company, the Division of the Ratepayer Advocate and the Board Staff, resulting in total Company revenues of \$935,503. This settlement is approved by this Order.

PROCEDURAL HISTORY

On December 21, 2005, the matter was transferred to the Office of Administrative Law (OAL) and assigned to Administrative Law Judge (ALJ) Diana C. Sukovich. A pre-hearing conference was conducted by ALJ Sukovich on January 23, 2006.

A public hearing was held on March 6, 2006, at the Southampton Township Middle School, located in the Township of Southampton. About 250 citizens attended the public hearing, of which approximately 27 people spoke and objected to the proposed increase and the impact of the increase on senior citizens on fixed income.

The Parties to this proceeding are the Company, the Division of the Ratepayer Advocate (RPA), Board Staff (Staff) and the Intervenor, Southampton Township (Township).

Subsequent to the public hearing, the Signatory Parties (the Company, the RPA and Staff) engaged in settlement negotiations. The Signatory Parties reached a settlement on all issues (Stipulation or Settlement). The Township, by letter dated March 22, 2006, indicated that it does not oppose the Settlement.

ALJ Sukovich issued her Initial Decision recommending adoption of the Stipulation finding that the Signatory Parties had voluntarily agreed to the settlement and that the settlement fully disposes of all issues and is consistent with the law.

STIPULATION

As more fully set forth in the attached Stipulation,¹ the Stipulation provides that:

1. Pinelands Wastewater Company's total rate base is \$1,628,750. (Settlement paragraph 1).
2. The overall rate of return is 8.74%. (Settlement Paragraph 2).
3. Utilizing an overall rate of return of 8.74% results in an overall additional revenue requirement of \$9,100. As shown in Settlement paragraph 3, this amount was calculated as follows:

Rate Base	\$1,628,750
Rate of Return	x 8.74%
Required Operating Income	\$ 142,353
Test Year Operating Income	\$ 137,141
Deficiency	\$ 5,212
Revenue Conversion Factor	x 1.74597
Additional Revenue Requirement	\$ 9,100

4. A revenue increase of \$9,100 or 0.98% over current revenues, is an appropriate result for this matter. The Signatory Parties agree that this revenue requirement increase represents the level of revenues necessary to ensure that the Company will continue to provide safe, adequate, and proper wastewater service to its customers. (Settlement paragraph 4).
5. The Signatory Parties recommend that the attached tariff pages (included as Exhibit A), implementing the terms of this Stipulation, should be adopted by the Board in their entirety. (Settlement Paragraph 5).

¹ Cited paragraphs referenced below are to the settlement document. This is only a summary, the full settlement document controls, subject to the Board's findings and conclusions contained herein.

6. The Signatory Parties agree that Petitioner will no longer depreciate Customer Advances for Construction (CAC). Therefore, the Signatory Parties acknowledge that the stipulated rate increase excludes depreciation on CAC. The Signatory Parties agree that because the Company will not recognize in rates the depreciation expense associated with CAC, the Company will cease recording depreciation expense and accumulated depreciation on CAC as of the effective date of the Board Order resolving this matter. There will be no other changes to the Company's depreciation rates. (Settlement Paragraph 6).

DISCUSSIONS AND FINDINGS

As a result of the Stipulation, a residential wastewater customer (using 76,000 gallons of water per year) will experience an increase from \$480.75 per year (\$121.19 per quarter) to \$485.46 per year (\$121.37 per quarter). This represents an annual increase of .98% or \$4.71 per year (\$1.18 per quarter).

The Board, having reviewed the Stipulation and ALJ Sukovich's Initial Decision FINDS that the Signatory Parties have voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board FINDS the Stipulation to be reasonable and in the public interest.

The Board HEREBY ADOPTS the Initial Decision and the Stipulation attached, hereto, as its own incorporating by reference the terms and conditions as if fully set forth at length herein, subject to the following:


1. The Company's total rate base is \$1,628,750.
2. The overall rate of return is 8.74%.
3. Utilizing a rate of return of 8.74%, the total overall additional revenue requirement is \$9,100.
4. The revenue requirement for Pinelands Wastewater Company is \$935,503 based on an 8.74% rate of return. The resulting increase of \$9,100 over current revenues of \$926,403, equates to an approximate increase of 0.98%. These additional revenues ensure that Pinelands Wastewater Company will continue to provide safe, adequate, and proper wastewater service to its customers.
5. The stipulated increase excludes depreciation on Customer Advances for Construction (CAC). The Company shall cease recording depreciation expense and accumulated depreciation on CAC for ratemaking purposes.
6. There will be no change to the Company's depreciation rates.

The Board HEREBY ORDERS Pinelands Wastewater Company to submit a complete tariff conforming to the terms and conditions of this Order within ten (10) days from the date of this Order.

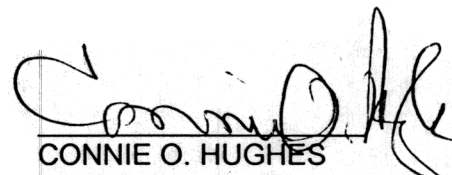
The effective date of this Order is as dated below.

DATED: 4/13/06


BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER

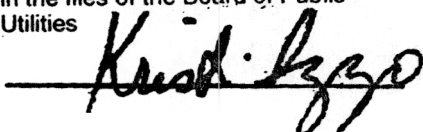

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



I/M/O PINELANDS WASTEWATER COMPANY
FOR APPROVAL OF AN INCREASE IN ITS RATES
FOR WASTEWATER SERVICE,
A CHANGE IN DEPRECIATION RATES,
AND OTHER TARIFF CHANGES

BPU DOCKET NO. WR05080680
OAL DOCKET NO. PUCRS 08449-2005N

SERVICE LIST

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Anthony R. Francioso, Esq
Township of Southampton
4569 South Broad Street
Hamilton, NJ 08620

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

2006 MAR 20 PM 1:49

NEWARK, N.J.

IN THE MATTER OF PINELANDS	:	BPU DOCKET NO. WR05080680
WASTEWATER COMPANY FOR	:	OAL DKT NO. PUCRS 08449-2005N
APPROVAL OF AN INCREASE IN ITS	:	
RATES FOR WASTEWATER	:	
SERVICE, A CHANGE IN	:	STIPULATION OF
DEPRECIATION RATES AND OTHER	:	SETTLEMENT
TARIFF CHANGES	:	

APPEARANCES:

Stephen B. Genzer, Esq., Saul Ewing LLP, and Kenneth J. Quinn, Esq. on behalf of Pinelands Wastewater Company, Petitioner

Jeff Slutzky, Esq., Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities

Debra F. Robinson, Esq. Assistant Deputy Ratepayer Advocate, on behalf of the Division of the Ratepayer Advocate

Anthony Francioso, Esq., Fornaro Francioso LLC, on behalf of Intervenor, Township of Southampton.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

The Participating Parties in this proceeding are as follows: Pinelands Wastewater Company (the "Company" or "Petitioner"), the Division of the Ratepayer Advocate ("Ratepayer Advocate"), the Staff of the Board of Public Utilities ("Board" or "Staff"), and Intervenor, Township of Southampton. As a result of an analysis of Petitioner's pre-filed testimony and exhibits, extensive discovery conducted by the Ratepayer Advocate and the Board Staff, conferences, negotiations, and a public hearing held on March 6, 2006 in Southampton Township, the Company, Board Staff and the Ratepayer Advocate (collectively, the "Signatory

Parties") have come to an agreement on the issues in dispute in this matter. Southampton Township has indicated that it does not oppose this settlement, and will provide a letter to that effect. The Signatory Parties hereto agree and stipulate as follows:

The procedural history of this matter is as follows:

On August 10, 2005, Petitioner, a public utility corporation of the State of New Jersey, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.11 and 14:1-5.12, filed a petition to increase rates for wastewater service, to change depreciation rates and to make other tariff changes. Specifically, Pinelands Wastewater Company requested a rate increase of \$54,810 or approximately 6.14% above the adjusted annual level of revenues for the test year December 31, 2005. The Board transferred the matter to the Office of Administrative Law as a contested case where it was assigned to Administrative Law Judge Diana C. Sukovich.

A public hearing was held on the evening of March 6, 2006 at the Southampton Township School #2, located in Southampton Township, with Administrative Law Richard Wells presiding. Members of the public appeared and their comments were heard by the Participating Parties and the Administrative Law Judge. More than twenty individuals spoke at the public hearing. Their comments generally concerned the magnitude of the increase requested. The Parties believe that this settlement reasonably addresses those concerns. Settlement conferences were held, and agreements reached during those discussions have resulted in the following stipulation by the Signatory Parties:

1 Pinelands Wastewater Company's total rate base for purposes of this proceeding is agreed to be \$1,628,750.

The Signatory Parties agree to an overall rate of return of 8.74% for Pinelands Wastewater Company.

3. The Signatory Parties agree that utilizing an overall rate of return of 8.74% would result in an overall additional revenue requirement of \$9,100 for Pinelands Wastewater Company. This amount was calculated as follows:

Pinelands Wastewater Company

Rate Base	\$1,628,750
Rate of Return	x 8.74%
Required Operating Income	\$ 142,353
Test Year Operating Income	\$ 137,141
Deficiency	\$ 5,212
Revenue Conversion Factor	x 1.74597
Additional Revenue Requirement	\$ 9,100

4. The Signatory Parties stipulate that a revenue increase for Pinelands Wastewater Company of \$9,100, or 0.98% over current revenues, is an appropriate result of this matter. The Signatory Parties anticipate this increase being effective on or about April 13, 2006. The Signatory Parties agree that this revenue requirement represents the level of revenues which is necessary to ensure that the Company will continue to provide safe, adequate, and proper wastewater service to its customers.

5. The Signatory Parties agree that the attached tariff pages (included as Exhibit A), implementing the terms of this Stipulation, should be adopted by the Board in their entirety. Attached as Exhibit B is a Proof of Revenues for the Company.

6. The Signatory Parties agree that Petitioner will no longer depreciate Customer Advances for Construction ("CAC"). Therefore, the Signatory Parties acknowledge that the stipulated rate increase excludes depreciation on CAC. The Signatory Parties agree that because the Company will not recognize in rates the depreciation expense associated with CAC, the Company will cease recording depreciation expense and accumulated depreciation on CAC as of

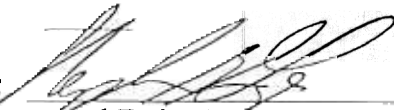
the effective date of the Board Order resolving this matter. There will be no other changes to the Company's depreciation rates.

7. This Stipulation is the product of extensive negotiations by the Signatory Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Signatory Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Signatory Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Signatory Parties have stipulated herein. The Signatory Parties agree that the within Stipulation reflects mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Signatory Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Signatory Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Signatory Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, and that it will avoid protracted and costly litigation of certain issues and that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the Signatory Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

8. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

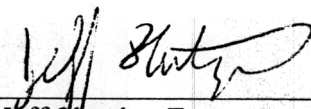
PINELANDS WASTEWATER COMPANY

3/17/06
Date

By: 
Saul Ewing LLP
Stephen B. Genzer, Esq.
Attorney for Petitioners

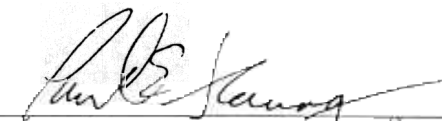
ZULIMA V. FARBER, ESQ.
ATTORNEY GENERAL OF NEW JERSEY

3/17/06
Date

By: 
Jeff Slutzky, Esq.
Deputy Attorney General

SEEMA SINGH, ESQ., DIRECTOR
DIVISION OF THE RATEPAYER ADVOCATE

3-17-06
Date

By: 
~~Debra F. Robinson, Esq.~~ Paul E. Flanagan
~~Assistant Deputy Ratepayer Advocate~~
Litigation Manager



FORNARO FRANCIOSO LLC
COUNSELLORS AT LAW

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ERICA D. FALAISE*

of Counsel
KATHLEEN A. FRANCIOSO*
BILL BARONI*

*MEMBERS OF THE NEW JERSEY & PENNSYLVANIA BAR
*MEMBER OF THE NEW JERSEY & DISTRICT OF COLUMBIA BAR

March 22, 2006

Via Telefax (973) 648-6124 & Regular Mail

The Honorable Diana C. Sukovich
Administrative Law Judge
Office of Administrative Law
33 Washington Street
Newark, New Jersey 07102

Re: I/M/O Petition of Pinelands Water Company for Approval of an Increase in its Rates for Water Service, Change in Depreciation Rates and Other Tariff Changes
BPU Docket No. WR 05080680
OAL Docket No. PUCRS 08449-2005N

I/M/O Petition of Pinelands Wastewater Company for Approval of an Increase in its Rates for Wastewater Service, Change in Depreciation Rates and Other Tariff Changes
BPU Docket No. WR 05080681
OAL Docket No. PUCRS 08540-2005N

Dear Judge Sukovich

As you are aware FORNARO FRANCIOSO LLC represents the Township of Southamptton in the above referenced rate petitions. As special counsel for the Township, I am able to advise the Court that while the Township of Southamptton will not be executing the proposed Stipulations the Township of Southamptton will not oppose same.

Thank you for Your Honor's consideration to the foregoing.

Respectfully submitted,
FORNARO FRANCIOSO LLC

Anthony R. Francioso, Esq.

ARF/jlm

cc Service List

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SCHEDULE A
PINELANDS WASTEWATER COMPANY
CALCULATION OF REVENUE DEFICIENCY

Rate Base	\$ 1,628,750
Rate of Return	8.740%
Operating Income Required	\$ 142,353
Operating Income at Present Rates	\$ 137,141
Operating Income Deficiency	<u>\$ 5,212</u>
Revenue Multiplier	1.745970
Required Revenue Increase	<u><u>\$ 9,100</u></u>
Total Present Rate Revenue	<u><u>\$ 926,403</u></u>
Average Revenue Increase	<u><u>0.98%</u></u>

PINELANDS WASTEWATER COMPANY
 PROOF OF REVENUE
 SUMMARY OF PROJECTED REVENUES

	PRESENT RATES	PROPOSED RATES	DIFFERENCE	% CHANGE
RESIDENTIAL	\$ 847,381	\$ 855,684	\$ 8,303	0.98%
VINCENTOWN SERVICE	79,022	79,800	778	0.98%
ROUNDING		19	19	
GRAND TOTAL	\$ 926,403	\$ 935,503	\$ 9,100	0.98%

RATE INCREASE 0.98%

GENERAL WATER SERVICE (RATE SCHEDULE NO. 1)

CONSUMPTION CHARGES

/---RATE PER TG---\

CURRENT

\$3.7372

PROPOSED

\$3.7740

FACILITIES CHARGES

/---QUARTERLY---\

CURRENT

\$49.18

PROPOSED

\$49.66

VINCENTOWN SERVICE (RATE SCHEDULE NO. 2)

CURRENT

\$6.1468

PROPOSED

\$6.2073

PINELANDS WASTEWATER COMPANY
PROOF OF REVENUE
EXISTING RATES

RESIDENTIAL					TEST YEAR
FACILITIES CHARGES					
<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>REVENUE</u>
	9,837	\$49.18	\$483,784	\$0	\$483,784
<u>CONSUMPTION</u>					
	97,291,643	\$0.00373720	<u>\$363,598</u>	<u>(\$1)</u>	<u>\$363,597</u>
TOTAL RESIDENTIAL			<u>\$ 847,382</u>	<u>(\$1)</u>	<u>\$ 847,381</u>

VINCENTOWN SERVICE

<u>CONSUMPTION</u>					
	12,855,794	\$0.00614680	<u>\$79,022</u>	<u>\$0</u>	<u>\$79,022</u>

TOTAL REVENUES ALL CLASSES		<u>\$926,403</u>
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PROPOSED RATES

RESIDENTIAL					PROPOSED
FACILITIES CHARGES					
<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>REVENUE</u>
	9,837	\$49.66	\$488,505	\$0	\$488,505
<u>CONSUMPTION</u>					
	97,291,643	\$0.00377400	<u>\$367,179</u>	<u>\$0</u>	<u>\$367,179</u>
TOTAL RESIDENTIAL			<u>\$855,684</u>	<u>\$0</u>	<u>\$855,684</u>

VINCENTOWN SERVICE

<u>CONSUMPTION</u>					
	12,855,794	\$0.00620730	<u>\$79,800</u>	<u>\$0</u>	<u>\$79,800</u>

TOTAL PROJECTED REVENUES ALL CLASSES		<u>\$935,484</u>
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RATE SCHEDULE NO. 1

GENERAL SERVICE

APPLICABILITY:

Applicable to the use of service for private dwellings occupied by a single-family unit.

RATE:

- Quarterly Service Charge - \$49.66 for each quarter of the year.
- Volumetric Charge - For all water discharged to the sewer (based on metered water consumption):
Rate per 1,000 gallons - \$3.7740

TERMS:

- (a) Billing shall be based on the Quarterly Service Charge plus Volumetric Charge for such period.
- (b) Whenever service to a customer is established or discontinued during a billing period, the service charge will be pro-rated on a daily basis to the date when service is established or discontinued to such customer.
- (c) In the event of non-payment of the Service Charge within thirty (30) days after same is due, in addition to other remedies provided in this Tariff, the Company may cause a notice to be served upon the occupant of the premises of the Company's intention to disconnect the Sewer Connection to such premises. In the event the Service Charges then due are not paid within ten (10) days from the service of said notice, the Company may cause the Sewer Connection of such premises to be disconnected and such premises may not again use the facilities of the system until full payment has been made of all arrears on account of the Service Charges and all charges incurred in disconnecting and reconnecting the occupant's connection.

Date of Issue: August 10, 2005

Effective for service
Rendered on and after:
April , 2006

Issued by: Richard M. Risoldi, President
Pinelands Wastewater Company
1500 Ronson Road
Iselin, New Jersey 08830-0452

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated April , 2006, in Docket No. WR05080680.

RATE SCHEDULE NO. 2

SERVICE UNDER CONTRACT

APPLICABILITY:

Applicable to wastewater service provided to customers under special agreements at the option of the Company.

RATE:

\$6.2073 per 1,000 gallons.

An additional fee of \$12.41 per month for each unit connected to the Township's collection system, that has a garbage disposal installed within it.

TERMS OF PAYMENT:

Fifteen (15) days after sending the bill.

Bills will be rendered monthly.

SPECIAL PROVISIONS:

As provided under special agreements.

Date of Issue: August 10, 2005

Effective for service
Rendered on and after:
April , 2006

Issued by: Richard M. Risoldi, President
Pinelands Wastewater Company
1500 Ronson Road
Iselin, New Jersey 08830-0452

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated April , 2006, in Docket No. WR05080680.

RATE SCHEDULE NO. 3

GENERAL SERVICE - OTHER

APPLICABILITY:

Applicable to the use of service for buildings other than private dwellings occupied by a single-family unit.

RATE:

\$6.2073 per 1,000 gallons, but not less than \$88.50 per equivalent unit per quarter.

Usage shall be based on water meter readings of non-irrigation water usage, wastewater meter readings, if available, or estimate based on usage of similar buildings.

TERMS:

- (a) Whenever service to a customer is established or discontinued during a billing period, the service charge will be pro-rated on a daily basis to the date when service is established or discontinued to such customer.
- (b) In the event of non-payment of the Service Charge within thirty (30) days after same is due, in addition to other remedies provided in this Tariff, the Company may cause a notice to be served upon the occupant of the premises of the Company's intention to disconnect the Sewer Connection to such premises. In the event the Service Charges then due are not paid within ten (10) days from the service of said notice, the Company may cause the Sewer Connection of such premises to be disconnected and such premises may not again use the facilities of the system until full payment has been made of all arrears on account of the Service Charges and all charges incurred in disconnecting and reconnecting the occupant's connection.
- (c) Service shall be terminated on the request of any customer on notice of at least ten (10) days to the Company.

Date of Issue: August 10, 2005

Effective for service
Rendered on and after:
April , 2006

Issued by: Richard M. Risoldi, President
Pinelands Wastewater Company
1500 Ronson Road
Iselin, New Jersey 08830-0452

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated April , 2006, in Docket No. WR05080680.